

## Message Text

CONFIDENTIAL

PAGE 01 ROME 11218 01 OF 03 082220Z  
ACTION INR-05

INFO OCT-01 ISO-00 CIAE-00 EUR-08 EB-04 NSC-05 NSCE-00  
SS-14 /037 W

-----113417 082345Z /14

R 081835Z JUL 77  
FM AMEMBASSY ROME  
TO SECSTATE WASHDC 5780  
TREASURY DEPT WASHDC

C O N F I D E N T I A L SECTION 1 OF 3 ROME 11218/1

LIMDIS

E.O. 11652: GDS  
TAGS: EFIN, IT  
SUBJ: DATA ON MINISTER OF FOREIGN TRADE RINALDO OSSOLA

REF: STATE 150637

1. FOLLOWING IS REPLY TO REFTEL. SEPTELS REPORT ON  
MINTREAS STAMMATI AND MINFINANCE PANDOLFI.

2. POSITION/PROMINENCE. UNTIL HIS NOMINATION AS MIN-  
ISTER OF FOREIGN TRADE, OSSOLA WAS MORE WIDELY KNOWN  
ABROAD THAN IN ITALY BECAUSE OF HIS LONG EXPERIENCE AT  
THE BANK OF ITALY AS THE BANK'S "FOREIGN MINISTER."  
NONETHELESS, OSSOLA WAS WIDELY RESPECTED WITHIN ITALY  
AS ONE OF THE COUNTRY'S FEW SPOKESMEN OF INTERNATIONAL  
STATURE AND HIS APPOINTMENT AS A "TECHNICAL" MINISTER  
WAS WELL RECEIVED BY THE ITALIAN PUBLIC. SINCE HIS  
APPOINTMENT, OSSOLA HAS BEEN ACTIVE, NOT ONLY IN THE  
TRADITIONAL FOREIGN TRADE POLICY AREA FOR WHICH HIS  
MINISTRY IS RESPONSIBLE, BUT ALSO IN BROADER MACROECONOMIC  
QUESTIONS INVOLVING THE ENTIRE ITALIAN ECONOMY. IN THE  
FIRST CASE, HE WAS MAINLY RESPONSIBLE FOR TWO IMPORTANT  
RECENT PIECES OF LEGISLATION: (1) A 1976 LAW WHICH  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ROME 11218 01 OF 03 082220Z

CREATED CRIMINAL PENALTIES FOR VIOLATORS FOR FOREIGN  
EXCHANGE CONTROL REGULATIONS (COMBINED WITH A TEMPORARY  
AMNESTY FOR ITALIANS WHO REPATRIATED ILLEGALLY EXPORTED  
CAPITAL), AND (2) A NEW EXPORT CREDIT LAW DESIGNED TO  
SIMPLIFY AND SPEED UP EXPORT GUARANTEES AND CREDIT  
PROCEDURES. IN ADDITION, OSSOLA HAS MAINTAINED A VERY  
HEAVY TRAVEL SCHEDULE TO MAJOR TRADING PARTNERS OF

ITALY, ESPECIALLY IN THE MIDDLE EAST AND SOUTH AMERICA. THESE ARE LARGELY REPRESENTATIONAL FUNCTIONS WHICH HAVE BECOME DE REGEUR IN MANY PARTS OF THE WORLD, BUT WHICH HIS PREDECESSORS ALMOST COMPLETELY FAILED TO CARRY OUT. OSSOLA HAS BEEN IN THE PUBLIC EYE NOT ONLY AS A RESULT OF DEBATE ON THE ABOVE-CITED LEGISLATION AND HIS FOREIGN TRAVELS BUT ALSO THROUGH HIS ACTIVE PARTICIPATION IN THE FORMULATION OF ITALY'S CURRENT ECONOMIC STABILIZATION PROGRAM AND IN ECONOMIC CONFERENCES.

3. HOW FIRM POSITION? DURING RECENT POLITICAL PARTY TALKS ON THE "PROGRAM ACCORD" THERE NEVER SEEMED TO BE ANY QUESTION THAT OSSOLA WOULD REMAIN IN THE ANDREOTTI GOVERNMENT, EVEN IF THERE WERE TO BE A CABINET RESHUFFLE. IN FACT, THE EMBASSY AT ONE POINT HEARD A REPORT THAT OSSOLA WOULD REMAIN IN THE ANDREOTTI GOVERNMENT, EVEN IF THERE WERE TO BE A CABINET RESHUFFLE. IN FACT, THE EMBASSY AT ONE POINT HEARD A REPORT THAT OSSOLA MIGHT BE DESIGNATED AS A "SUPER MINISTER" RESPONSIBLE BOTH FOR THE TREASURY AND FOR THE BUDGET MINISTRY PORTFOLIOS. OSSOLA HAS NEVER RUN FOR POLITICAL OFFICE. HE HAD LEFT THE BOI SHORTLY PRIOR TO HIS APPOINTMENT AS MINISTER AND HAD INTENDED TO RUN FOR THE EUROPEAN PARLIAMENT. OSSOLA, EVEN MORE THAN MINTREAS STAMMATI, HAS NO POLITICAL BASE, BUT THIS HAS BEEN OFFSET BY THE VERY HIGH RESPECT FOR HIS TECHNICAL COMPETENCE BOTH INTERNATIONALLY AND DOMESTICALLY. SUCH HIGH REGARD, COMBINED WITH A  
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 ROME 11218 01 OF 03 082220Z

CERTAIN POLITICAL AMBIVALENCE, MAKES HIM LESS VULNERABLE THAN STAMMATI (WITH HIS CLEAR DC TIES) DURING THIS PERIOD WHEN TECHNICIANS IN GOVERNMENT ARE CONSIDERED POLITICALLY DESIRABLE. THE CONFIDENCE WHICH ANDREOTTI HAS SHOWN IN OSSOLA, PLUS THE WIDE RESPECT IN WHICH HE IS HELD BY THE PUBLIC AND BY THE POLITICAL PARTIES SHOULD SECURE HIS POSITION NOT ONLY IN THE PRESENT ANDREOTTI GOVERNMENT BUT POSSIBLY IN SOME SUCCESSOR GOVERNMENT.

4. IMPORTANCE IN POLICY FORMULATION. IN THE LAST TWO YEARS OSSOLA HAS PLAYED AN IMPORTANT EDUCATIVE ROLE IN MAKING THE ITALIAN PUBLIC AWARE OF THE NATURE AND SERIOUSNESS OF ITALY'S ECONOMIC PROBLEMS. FIRST AT THE BOI AND SUBSEQUENTLY AS A MINISTER, HE HAS BEEN AN ACTIVE PUBLIC ADVOCATE OF THE NEED FOR A STRONG ECONOMIC STABILIZATION PROGRAM. HE HAS MADE THESE VIEWS KNOWN THROUGH RATHER FREQUENT SPEECHES AND PARTICIPATION IN ECONOMIC CONFERENCES. OSSOLA CLEARLY HAS THE CONFIDENCE AND RESPECT OF PRIME MINISTER ANDREOTTI WHO HAS HEAVILY DEPENDED ON HIM FOR ADVICE. ANDREOTTI HAS REGULARLY INCLUDED OSSOLA IN THE LIMITED GROUP OF ECONOMIC MINISTERS WHO ARE RESPONSIBLE FOR FORMULATION OF ITALY'S ECONOMIC POLICIES. THIS IS AN

INNOVATION, SINCE FORMERLY MINISTERS OF FOREIGN TRADE  
RARELY WERE INVOLVED IN OVERALL ECONOMIC POLICY MAKING.  
AMONG THE ECONOMIC MINISTERS, OSSOLA IS CERTAINLY THE

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 ROME 11218 02 OF 03 082239Z  
ACTION INR-05

INFO OCT-01 ISO-00 CIAE-00 EUR-08 EB-04 NSC-05 NSCE-00  
SS-14 /037 W

-----113800 082345Z /14

R 081835Z JUL 77  
FM AMEMBASSY ROME  
TO SECSTATE WASHDC 5781  
TREASURY DEPT WASHDC

C O N F I D E N T I A L SECTION 2 OF 3 ROME 11218/2

LIMDIS

MOST INNOVATIVE AS CONCERNS BROAD ECONOMIC POLICY  
MATTERS AND WOULD OUTSHINE TREASURY MINISTER STAMMATI, IF  
STAMMATI DID NOT HAVE THE ADVANTAGE OF THE POWERFUL TREAS-  
URY MINISTRY PORTFOLIO. EVEN SO, ANDREOTTI'S NON-  
TRADITIONAL USE OF HIS FOREIGN TRADE MINISTER HAS CREATED  
SOME AWKWARD PROBLEMS VIS A VIS STAMMATI. FOR EXAMPLE,  
DURING THE FORMULATION OF ITALY'S STABILIZATION PROGRAM,  
IT WAS NECESSARY FOR USG OFFICIALS TO SEE OSSOLA INFORMALLY  
BECAUSE OF HIS DE FACTO ROLE IN POLICY FORMATION SO AS  
NOT TO RAISE PROTOCOL PROBLEMS WITH THE MINISTER OF THE  
TREASURY.

5. ATTITUDES TOWARD BASIC ISSUES. ALTHOUGH OSSOLA  
IS INTERNATIONALLY-MINDED, HE HAS RECENTLY EXPRESSED  
SKEPTICISM ABOUT THE PROGRESS MADE IN THE AREA OF INTER-  
NATIONAL COOPERATION. IN PARTICULAR, CONCERNING THE  
RESULTS OF THE LONDON SUMMIT, HE STATED THAT COUNTRIES WOULD  
PROBABLY CONTINUE THE COURSE OF ECONOMIC NATIONALISM THAT  
THEY HAD FOLLOWED SINCE THE ABRUPT OIL PRICE INCREASES.  
OSSOLA IS A FIRM BELIEVER IN FREE MARKET ECONOMICS, DESPITE  
HIS ACQUIESCENCE WHILE AT THE BOI IN PERIODIC USE OF DIRECT  
MONETARY CONTROLS DURING PERIODS OF ECONOMIC DIFFICULTIES.  
THE RECENT SPEECH IN WHICH HE CALLED ON ITALIANS TO  
"BUY ITALIAN" IN ORDER TO ALLEVIATE ITALY'S BALANCE OF  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ROME 11218 02 OF 03 082239Z

PAYMENTS PROBLEM (ROME 9060) IS NOT EVIDENCE OF A PROTECTIONIST PHILOSOPHY BUT IS TYPICAL OF A MAN WHO IS ACCUSTOMED TO SPEAK HIS MIND AND DETERMINED TO DO A GOOD JOB IN DEALING WITH ITALY'S BALANCE OF PAYMENTS PROBLEM. OSSOLA SEEMS TO HAVE BEEN GENUINELY SURPRISED BY THE CRITICISM FROM INSIDE AND OUTSIDE ITALY OF "PROTECTIONISM" WHICH WAS DIRECTED AGAINST HIM AND HASTENED TO RE-EMPHASIZE THAT ITALY WOULD RESPECT ITS INTERNATIONAL COMMITMENTS AND DID NOT INTEND TO PURSUE AN OFFICIAL "BUY ITALIAN" PROGRAM. OSSOLA IS ALSO A GOOD EUROPEAN AND HAS TOLD EMBASSY OFFICERS THAT HE IS INTERESTED IN RUNNING FOR THE EUROPEAN PARLIAMENT IN 1978, BUT IS PUZZLED AS TO THE PARTY TICKET THAT HE SHOULD RUN ON. WHILE HIS PREFERENCE IS FOR THE REPUBLICAN PARTY (PRI) IN ITALY, HE BELIEVES THAT HE WOULD NEVER BE ELECTED ON THE TICKET OF SUCH A SMALL GROUP. OSSOLA WOULD ALSO BE RELUCTANT TO RUN ON THE DC TICKET. WHILE HE WOULD BE PREPARED TO RUN ON A WESTERN EUROPEAN TYPE OF SOCIAL DEMOCRATIC PLATFORM, THE ITALIAN SOCIALIST PARTY'S VERSION OF SOCIAL DEMOCRACY WOULD BE HARD FOR OSSOLA TO ESPOUSE. FINALLY, AS AN ECONOMIST, OSSOLA IS VERY DETERMINED THAT ITALY ACHIEVE A PERMANENT STRENGTHENING OF ITS ECONOMY AND IS WILLING TO TAKE ADVANTAGE OF THE PRESENT WILLINGNESS OF THE COMMUNISTS (PCI) TO COOPERATE ON ECONOMIC PROGRAMS. WHILE HE IS NOT CONVINCED THAT THE PCI HAS YET EVOLVED INTO A DEPENDABLE DEMOCRATIC PARTY, HE SEEMS OPEN TO THE CONVICTION THAT IT MAY BECOME ONE OVER TIME.

6. NEGOTIATING STYLE. AS A PERSONALITY OSSOLA IS VERY OPEN WITH AN EXCELLENT SENSE OF HUMOR AND CONSIDERABLE PERSONAL CHARM. IN HIS RELATIONS WITH EMBASSY OFFICERS AND IN INTERNATIONAL NEGOTIATIONS, OSSOLA HAS ALWAYS BEEN EXTREMELY FRANK. UNLIKE MANY HIGH ITALIAN OFFICIALS, HE

CONFIDENTIAL

PAGE 03 ROME 11218 02 OF 03 082239Z

IS A GOOD LINGUIST, BEING FLUENT IN ENGLISH AND FRENCH AND COMPETENT IN PORTUGUESE. DURING HIS MANY YEARS OF NEGOTIATION OF INTERNATIONAL MONETARY REFORM QUESTIONS, HE BECAME A MASTER AT DEVISING CLEVER COMPROMISES OF DIVERGENT POSITIONS. WHILE THIS HAS FREQUENTLY FIT ITALY'S STATUS AS ONE OF THE SMALLER OF THE LARGE INDUSTRIAL NATIONS, IT IS ALSO CONGENIAL TO OSSOLA'S FERTILE MIND AND DESIRE TO SATISFY EVERYONE'S NEEDS TO THE MAXIMUM EXTENT POSSIBLE. DURING THESE TALKS, HIS INVENTIVE MIND AND ITALY'S WEAK BARGAINING POSITION SOMETIMES LED HIS MORE SOBER COLLEAGUES NOT TO TAKE HIS LATEST PROPOSALS

SERIOUSLY. IN HIS ROLE AS MINISTER OF FOREIGN TRADE, OSSOLA IS CONSTRAINED IN TRADE ISSUES BY ITALY'S BALANCE OF PAYMENTS PROBLEM AND BY THE GROWING ACTIVISM OF THE AGRICULTURAL SECTOR IN DEFENDING ITALY'S NATIONAL COMMERCIAL INTERESTS. IN THE RECENT NEGOTIATIONS WITH THE USSR ON A NEW TRADE CREDIT, HE HAS BEEN QUITE FIRM IN NOT SUCCUMBING TO SOVIET PRESSURE FOR ITALY TO CONCEDE TOO LARGE A CREDIT LINE AT TOO GENEROUS AN INTEREST RATE. ON THE OTHER HAND, OSSOLA (ALONG WITH MOST ITALIAN NEGOTIATORS) IS USUALLY WILLING TO TAKE COVER UNDER PRECEDENTS SET BY OTHERS IF THAT BECOME NECESSARY (E.G., POSSIBLY THE JAPANESE OR FRENCH REGARDING ANY BROACHING OF THE OECD EXPORT CREDIT AGREEMENT).

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 ROME 11218 03 OF 03 082250Z  
ACTION INR-05

INFO OCT-01 ISO-00 CIAE-00 EUR-08 EB-04 NSC-05 NSCE-00  
SS-14 /037 W

-----114059 082344Z /14

R 081835Z JUL 77  
FM AMEMBASSY ROME  
TO SECSTATE WASHDC 5782  
TREASURY DEPT WASHDC

C O N F I D E N T I A L SECTION 3 OF 3 ROME 11218/3

LIMDIS

7. CAN HE DO WHAT HE PROMISES? OSSOLA'S ABILITY TO CARRY THROUGH WITH ANY COMMITMENTS ASSUMED IN INTERNATIONAL FORA, LIKE THAT OF ALL MEMBERS OF THE ANDREOTTI GOVERNMENT, IS CIRCUMSCRIBED BY THE UNCERTAIN LONGEVITY OF THE PRESENT GOVERNMENT. HOWEVER, SINCE HE HAS THE CONFIDENCE OF ANDREOTTI, HE HAS NOTHING TO LOSE POLITICALLY (SINCE HE IS A PURE "TECHNICIAN"), AND MIGHT VERY WELL BECOME A CABINET MEMBER IN SUCCESSOR GOVERNMENT, HE IS BETTER PLACED THAN MANY CABINET MEMBERS TO COMMIT HIMSELF AND TO FOLLOW THROUGH WITH CONCRETE ACTION. IT IS SYMPTOMATIC THAT, AFTER YEARS OF COMPLAINTS ABOUT CUMBERSOME EXPORT CREDIT PROCEDURES, OSSOLA WAS ABLE TO DRAFT A NEW LAW AND GET IT APPROVED BY PARLIAMENT IN RATHER QUICK ORDER.

8. CAN HIS VIEWS BE INFLUENCED? OSSOLA IS OPEN TO NEW

IDEANS, WHETHER HIS OWN OR THOSE OF OTHERS. HE IS, OF COURSE, BOUND BY POLITICAL AND ECONOMIC REALITIES IN ITALY WHICH TIE HIS HANDS IN A WAY WHICH HE WAS NOT USED TO IN THE MORE TECHNICAL AND LESS POLITICALLY SENSITIVE AREAS OF INTERNATIONAL MONETARY AFFAIRS WITH WHICH HE WAS FAMILIAR DURING HIS LONG CAREER WITH THE BANK OF ITALY.

9. CURRENT PRESSURES AND POLITICAL FACTORS WHICH INFLUENCE  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ROME 11218 03 OF 03 082250Z

HIM. IN HIS ROLE AS AN IMPORTANT FORMULATOR OF MACROECONOMIC POLICY, OSSOLA IS CAUGHT BETWEEN THE SAME TWO TSIY## FROM FOREIGN CREDITORS TO PURSUE THOSE BALANCE OF PAYMENTS ADJUSTMENTS POLICIES REQUIRED FOR ITALY FOLLOWING THE SHOCK OF THE ENERGY CRISIS, AND DOMESTIC PRESSURES FOR THE UNIONS AND POLITICAL PARTIES WHO ARE CONCERNED THAT THE COST IN GROWTH AND EMPLOYMENT MAY BE TOO GREAT. OSSOLA IS CONVINCED OF THE NEED TO ACCEPT SOME ECONOMIC SACRIFICES AND, FOR THE PRESENT, HE AND HIS CABINET COLLEAGUES SHOULD BE ABLE TO RESIST PRESSURES TO ADOPT PREMATURE, REFLATIONARY MEASURES. HOWEVER, THE CRUNCH WILL MOST LIKELY COME LATE IN 1977 AND EARLY IN 1978 WHEN THE EFFECTS OF THE CURRENT STABILIZATION PROGRAM ON REAL GROWTH WILL BECOME MORE EVIDENT. OSSOLA, AS A GOOD ECONOMIC TECHNICIAN WITH NO POLITICAL AXES TO GRIND, IS IN A GOOD POSITION TO RESIST THESE PRESSURES. IN FACT, SHORTLY AFTER HIS APPOINTMENT LAST JULY, HE INDICATED PRIVATELY THAT, IF A REASONABLY GOOD STABILIZATION PROGRAM COULD NOT BE DEvised AND ADOPTED, HE WOULD SIMPLY RESIGN. THIS MAY STILL BE HIS ATTITUDE, ALTHOUGH HE IS NOT A QUITTER AND MIGHT BE WILLING, AFTER ALL, TO ACCEPT SOME COMPROMISES ON ECONOMIC POLICY IN COMING MONTHS.  
GARDNER

NOTE BY OC/T: ##AS RECEIVED.

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BIOGRAPHIC INFORMATION, FOREIGN TRADE, GOVERNMENT MINISTRIES, PERSONNEL APPOINTMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 08-Jul-1977 12:00:00 am  
**Decaption Date:** 22 May 2009  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977ROME11218  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770243-1093  
**Format:** TEL  
**From:** ROME  
**Handling Restrictions:**  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t19770775/aaaacnhb.tel  
**Line Count:** 317  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** f8958a6e-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION INR  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** LIMDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 6  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** LIMDIS  
**Reference:** 77 STATE 150637  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 18-Mar-2005 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1914680  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** DATA ON MINISTER OF FOREIGN TRADE RINALDO OSSOLA  
**TAGS:** EFIN, IT, (OSSOLA, RINALDO)  
**To:** STATE TRSY  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/f8958a6e-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009